

Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 /018 W

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R 261145Z JUL 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8296

LIMITED OFFICIAL USE TEHRAN 7573

E.O. 11652: NA

TAGS: OTRA, IR

SUBJ: VISIT OF PROCTOR AND GAMBLE OFFICIALS

REF: (A) TEHRAN 7373, (B) STATE 176802

1. EMBASSY HAS NOW RECEIVED COPY OF LETTER FROM
MR. KINGSTON FLETCHER TO DEPUTY ASSISTANT SECRETARY
SOBER CONCERNING PROCTOR AND GAMBLE'S PROPOSAL FOR
ITS IRAN JOINT VENTURE. PROPOSAL AS GIVEN IN LETTER
IDENTICAL TO THAT SUMMARIZED IN PARA 1 REFTEL A.
EMBASSY FORESEES TWO MAJOR PROBLEMS WHICH PROCTOR
AND GAMBLE WILL FACE VIS-A-VIS GOI: 1) OBTAINING
GOI PERMISSION FOR PRESENT IRANIAN PARTNERS TO
DIVEST THEMSELVES OF THEIR CURRENT 50 PERCENT EQUITY AND
2) GOI AGREEMENT FOR PROCTOR AND GAMBLE TO RETAIN
50 PERCENT IN THE VENTURE EVEN AFTER SALE OF 49 PERCENT OF THE
SHARES TO WORKERS, ET. AL., PURSUANT TO SHARE
PARTICIPATION STATUTE. DIFFICULT TO SAY WHAT
INITIAL GOI REACTION WILL BE TO FLETCHER PROPOSAL
SINCE LATTER HAS NOT YET BEEN SUBMITTED TO ANY LEVEL
OF GOVERNMENT HERE. GIVEN PREVAILING STRONG GOI
PREFERENCES FOR PURCHASE OF TECHNOLOGY AND BORROWING
CAPITAL RATHER THAN JOINT VENTURES AS IN THE PAST,
WE WOULD SURMISE THAT INITIAL GOI REACTION WILL BE
LUKEWARM. IN ANY CASE, DIFFICULT AND LENGTHY
NEGOTIATIONS PROBABLY LIE AHEAD FOR
PROCTOR AND GAMBLE.

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3. WOULD STILL RECOMMEND THAT MR. FLETCHER CONSIDER

MAKING HIS INITIAL PROPOSAL TO MINISTER OF INDUSTRIES AND MINES NAJMABADI RATHER THAN ANSARY. NAJMABADI'S OFFICE TELLS US THAT HE IS CURRENTLY IN NEW YORK AND WILL NOT BE RETURNING TO TEHRAN UNTIL AUGUST 13 OR 14. IF MR. FLETCHER PREFERENCES DEALING DIRECTLY WITH MINISTER IN FIRST INSTANCE RATHER THAN ONE OF HIS DEPUTIES, HE MAY WISH TO SEEK A CONVENIENT TIME FOR NAJMABADI IN NEW YORK. IRANIAN EMBASSY MAY BE ABLE TO HELP ASCERTAIN MINISTER'S PRECISE WHEREABOUTS. ALTERNATELY, MR. FLETCHER MAY WISH POSTPONE HIS VISIT TO TEHRAN UNTIL NAJMABADI RETURNS AND A TIME FOR MEETING CAN BE WORKED OUT.

4. DEPARTMENT REQUESTED TRANSMIT ABOVE TO MR. FLETCHER AND ADVISE HIS REACTIONS.

HELMs

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